

DIVISION OF BUSINESS & ENTERPRISE DEVELOPMENT
PARTNERSHIP FOR WORKFORCE QUALITY PROGRAM

(PWQ)

ANNUAL FINANCIAL STATUS REPORT
FISCAL YEAR 2013

ECONOMIC DEVELOPMENT
ARTICLE

SECTION 3-404(e)

Submitted by:

Maryland Department of Business and Economic Development

As of June 30, 2013

PARTNERSHIP FOR WORKFORCE QUALITY PROGRAM

(PWQ)

TABLE OF CONTENTS

| | |
|--|---|
| History & Program Description..... | 1 |
| Performance Since Inception of the Program Through June 30, 2013 | 1 |
| Program Highlights for Fiscal Year 2013 | 1 |
| Projected Program Performance for Fiscal Year 2014..... | 2 |
| <i>Exhibits</i> | |
| Listing of PWQ Activity 07/01/2012 – 06/30/2013..... | 3 |

PARTNERSHIP FOR WORKFORCE QUALITY PROGRAM

History and Program Description

The Partnership for Workforce Quality Program (PWQ or Program) was established by legislation in 1989 and is administered by the Department of Business and Economic Development (Department). The Program encourages Maryland companies to invest in training for employees.

PWQ provides reimbursable grants that match (1:1) the investments of Maryland's manufacturing and technology companies, and those threatened by the pressures of increased foreign or domestic competition in employee training, thus helping the companies improve their efficiency, develop quality management practices, modernized operations, and upgrade manufacturing processes. As a result, companies are better equipped to expand in Maryland and to compete in a global marketplace.

Funded annually through general or special funds, PWQ helps participating companies develop and implement training systems to improve business competitiveness and worker productivity, upgrade the skills of workers to accommodate new technologies and production processes, and promote employment stability.

The Department's goal for use of PWQ funds is "maintaining the quality of the state's workforce", which is consistent with Maryland's economic development strategy. PWQ provides critical funding support that is integrated with Department's overall efforts to grow Maryland's businesses and economy. Funds are disbursed to eligible Maryland companies in the form of grants for up to 50 percent of qualified reimbursable direct cost of training. These funds enable companies to acquire new skills and technologies that have been identified by the business plan as a catalyst for growth and competitiveness in the industry.

Program Performance Since Inception

Program funds are used for grants to eligible Maryland companies with 150 or fewer employees. PWQ assists these companies to provide:

- Training in manufacturing, professional, scientific and technical services;
- Job-specific training and training to upgrade or retain existing employees; or
- Training related to strategic goals and objectives of a company.

Since the Program's inception in 1989, PWQ has invested in \$37 million of training for more than 97,000 employee-training slots in Maryland companies.

Program Performance for Fiscal Year 2013

During fiscal year 2013, the Program approved (9) nine training grants and settled (9) nine to Maryland companies. Approvals totaled \$87,164 with training costs of \$189,828 for the projected training of 271 employees. Settlements totaled \$107,164, with training costs of \$184,828 for the training of 79 employees.

Projected Program Performance for Fiscal Year 2014

DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT

The appropriation for PWQ for fiscal year 2014 is \$125,000 of special funds. The Department is actively working to identify additional eligible training opportunities and anticipates full usage of the \$125,000 appropriation. However, the significant reduction in funding has left the Program virtually ineffective as an economic development tool. The Department's strategy for use of PWQ funds will emphasize support of upgrading the skills of Maryland employees, to encourage Maryland companies to expand, and to compete in a global marketplace.

Approved Report

7/1/2012 Through 6/30/2013

| <i>Approved Retained</i> | <i>Client Name</i> | <i>Loan</i> | <i>Loan</i> | <i>Guarantor</i> | <i>Loan</i> | <i>County</i> | <i>Total Project</i> | <i>Trainees</i> | <i>New</i> | | |
|--|--------------------------------|-------------|--------------------|-------------------|------------------|------------------|----------------------|---------------------|-------------|-------------|------------|
| <i>Date</i> | | | <i>Amount</i> | <i>Percentage</i> | <i>Guarantee</i> | | <i>Costs</i> | <i>Pro / Actual</i> | <i>Jobs</i> | <i>Jobs</i> | |
| <i>Partnership for Workforce Quality</i> | | | | | | | | | | | |
| 7/2/2012 | DynPort Vaccine, LLC a CSC Com | 9280401 | \$8,539.00 | 0.0% | \$0.00 | Frederick | \$17,078.00 | 36 | 19 | 0 | 0 |
| 7/2/2012 | National Electronics Warranty, | 13800101 | \$25,000.00 | 0.0% | \$0.00 | Howard | \$50,000.00 | 29 | Active | 0 | 29 |
| 12/7/2012 | AR Systems, Inc. | 14320101 | \$3,600.00 | 0.0% | \$0.00 | St. Mary's | \$7,200.00 | 7 | Active | 2 | 5 |
| 2/1/2013 | Tidewater Direct, LLC | 14400101 | \$10,000.00 | 0.0% | \$0.00 | Queen Anne's | \$20,000.00 | 10 | Active | 12 | 88 |
| 2/8/2013 | Waco Products, Inc. | 14410101 | \$3,600.00 | 0.0% | \$0.00 | Baltimore County | \$20,000.00 | 30 | Active | 5 | 30 |
| 2/26/2013 | Berry Plastics Corporation | 14480101 | \$25,000.00 | 0.0% | \$0.00 | Baltimore City | \$64,125.00 | 40 | 40 | 0 | 20 |
| 3/13/2013 | Tulkoff Food Products | 14540101 | \$2,825.00 | 0.0% | \$0.00 | Baltimore County | \$2,825.00 | 23 | 10 | 0 | 77 |
| 3/14/2013 | Platform Systems, Inc. | 14590101 | \$3,600.00 | 0.0% | \$0.00 | St. Mary's | \$3,600.00 | 21 | Active | 1 | 21 |
| 4/1/2013 | Schroeder Industries, Llc | 14660101 | \$5,000.00 | 0.0% | \$0.00 | Allegany | \$5,000.00 | 75 | Active | 7 | 68 |
| Totals: | 9 Loans | | \$87,164.00 | | \$0.00 | | \$189,828.00 | 271 | 69 | 27 | 338 |
| Grand Totals: | 9 Loans | | \$87,164.00 | | \$0.00 | | \$189,828.00 | 271 | 69 | 27 | 338 |

DEPARTMENT OF BUSINESS AND ECONOMIC DEVELOPMENT

Settled Report

7/1/2012 Through 6/30/2013

| <i>Settled Retained Date</i> | <i>Client Name</i> | <i>Loan</i> | <i>Loan Amount</i> | <i>Guarantor Percentage</i> | <i>Loan Guarantee</i> | <i>County</i> | <i>Total Project Costs</i> | <i>Trainees Pro / Actual</i> | <i>New Jobs</i> | <i>Jobs</i> |
|--|--------------------------------|-------------|------------------------|---------------------------------|---------------------------|------------------|--------------------------------|----------------------------------|---------------------|-------------|
| <i>Partnership for Workforce Quality</i> | | | | | | | | | | |
| 7/10/2012 | DynPort Vaccine, LLC a CSC Com | 9280401 | \$8,539.00 | 0.0% | \$0.00 | Frederick | \$17,078.00 | 36 19 | 0 | 0 |
| 7/18/2012 | National Electronics Warranty, | 13800101 | \$25,000.00 | 0.0% | \$0.00 | Howard | \$50,000.00 | 29 Active | 0 | 29 |
| 11/2/2012 | Protenergy Natural Foods Corpo | 7650302 | \$25,000.00 | 0.0% | \$0.00 | Dorchester | \$0.00 | 100 Active | 0 | 0 |
| 1/23/2013 | AR Systems, Inc. | 14320101 | \$3,600.00 | 0.0% | \$0.00 | St. Mary's | \$7,200.00 | 7 Active | 2 | 5 |
| 2/27/2013 | Waco Products, Inc. | 14410101 | \$3,600.00 | 0.0% | \$0.00 | Baltimore County | \$20,000.00 | 30 Active | 5 | 30 |
| 3/13/2013 | Berry Plastics Corporation | 14480101 | \$25,000.00 | 0.0% | \$0.00 | Baltimore City | \$64,125.00 | 40 40 | 0 | 20 |
| 3/15/2013 | Tidewater Direct, LLC | 14400101 | \$10,000.00 | 0.0% | \$0.00 | Queen Anne's | \$20,000.00 | 10 10 | 12 | 88 |
| 3/25/2013 | Platform Systems, Inc. | 14590101 | \$3,600.00 | 0.0% | \$0.00 | St. Mary's | \$3,600.00 | 21 Active | 1 | 21 |
| 3/27/2013 | Tulkoff Food Products | 14540101 | \$2,825.00 | 0.0% | \$0.00 | Baltimore County | \$2,825.00 | 23 10 | 0 | 77 |
| Totals: | 9 Loans | | \$107,164.00 | | \$0.00 | | \$184,828.00 | 296 79 | 20 | 270 |
| Grand Totals: | 9 Loans | | \$107,164.00 | | \$0.00 | | \$184,828.00 | 296 79 | 20 | 270 |

Tuesday, August 27, 2013 Page